

WATER AND SEWER FUND PROJECTION

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Revenues						
Water & Sewer Sales	\$ 70,362,913	\$ 78,057,782	\$ 83,551,583	\$ 86,949,146	\$ 90,123,440	\$ 93,359,941
Other Operating Revenues	860,000	877,200	894,744	912,639	930,892	949,510
Investment/Rental	1,312,957	1,339,216	1,366,000	1,393,320	1,421,187	1,449,611
Licenses and Permits	55,000	56,100	57,222	58,366	59,533	60,724
Frontage Fees/Assessments	1,152,000	1,175,040	1,198,541	1,222,512	1,246,962	1,271,901
Other Revenues	185,000	188,700	192,474	196,323	200,249	204,254
Appropriation from Fund Balance	1,000,000	1,710,527	2,877,582	2,906,114	3,515,732	996,673
Total Revenues	\$ 74,927,870	\$ 83,404,565	\$ 90,138,146	\$ 93,638,420	\$ 97,497,995	\$ 98,292,614
Appropriations						
Personal Services	\$ 19,884,549	\$ 21,077,622	\$ 22,342,279	\$ 23,682,816	\$ 25,103,785	\$ 26,610,012
Operating	24,232,347	27,009,630	27,549,823	28,100,819	28,662,835	29,236,092
Capital Outlay	115,500	117,810	120,166	122,569	125,020	127,520
Transfer to CIP	8,700,000	8,830,888	9,851,660	9,277,951	9,509,900	9,747,647
Transfer to Other Funds	2,635,313	2,688,019	2,741,779	2,796,615	2,852,547	2,909,598
Debt Service	19,360,161	23,680,596	27,532,439	29,657,650	31,243,908	29,661,745
Appropriation to Fund Balance	-	-	-	-	-	-
Total Appropriations	\$ 74,927,870	\$ 83,404,565	\$ 90,138,146	\$ 93,638,420	\$ 97,497,995	\$ 98,292,614

Debt Coverage Ratio:

Parity Debt	5.89	3.18	2.68	2.45	2.25	2.12
All Debt	1.82	1.61	1.53	1.49	1.47	1.60

CIP Related:

Revenue or G.O. Bond Issue	\$ 51,390,075	\$ 49,985,799	\$ 30,416,322	\$ 15,784,368	\$ 33,087,752	\$ 9,720,682
CIP Appropriations	\$ 63,227,950	\$ 62,153,000	\$ 42,922,250	\$ 28,638,700	\$ 46,300,450	\$ 23,302,000
Capital Facility Fees	\$ 8,500,000	\$ 8,712,500	\$ 8,930,313	\$ 9,153,570	\$ 9,382,410	\$ 9,616,970

Highlights

The projection reflects a reserve for debt coverage that is intended to ensure that the City meets or exceeds the revenue bond rate covenants contained in the water and sewer revenue bonds. Adverse conditions such as water restrictions due to drought, or unseasonably wet years, place the City in jeopardy of not recognizing sufficient revenues to meet these covenants. The coverage ratio that must be maintained for parity debt is 1.25 and for all debt 1.0. Generally, only operating revenues can be utilized for computation of the coverage ratio.

A rate increase for water and sewer services charges and water consumption charges was adopted for FY2008-09. For residential customers, water is billed at an increasing tiered rate intended to promote conservation. Non-residential customers will be billed for water consumption at the 3rd or middle tier rate. This rate increase is projected to equate to the following change for a residential customer:

Billing Period	8 CCF Monthly Use	2 CCF Monthly Use	12 CCF Monthly Use
Bi-Monthly Increase	\$14.76	\$10.74	\$22.92
Monthly Increase	\$7.38	\$5.37	\$11.46
Annual Increase	\$88.56	\$64.50	\$137.52

The rate model utilized for the projection includes future rate increases based on growth in operating expenses. The rate model also assumes full funding of the proposed CIP by utilization of revenue and/or General Obligation bond issues.

Revenues

- Water and Sewer Sales include both consumption and service fee charges to all direct water and sewer customers, inside and outside the City. It does not include contractual water sales to other utilities.
- Most revenue sources and system utilization are projected to increase by 1.9% annually.

Appropriations

- Personal Services costs increase at a rate of 5% annually.
- Operating costs increase at a rate of 2% annually.
- Capital costs increase at a rate of 2% annually.
- The non-departmental costs generally increase at a rate of 2% annually.
- Debt Service projections for existing debt as provided by the City's Finance Department are further projected with proposed future debt service on general obligation bonds to be issued as approved in the 2005 bond referendum, and future revenue bonds and/or General Obligation bonds issued to fund the proposed CIP in fiscal year 2009 and out.
- Transfers to other funds includes funding transferred to the Fleet Acquisition Fund for purposes of fleet vehicle and heavy equipment purchases.

Coverage Ratio

- Coverage ratios represent the amount of net revenues (gross revenues minus operating expenditures) that are available for debt service payments. For parity debt the City is required to have a coverage ratio of 1.25, and for all debt a ratio of 1.0. Coverage ratios are used by financial institutions as a key indicator for the calculation of the City's bond rating.